

FINANCE COMMITTEE MEETING

May 19, 2022

Board Committee Members

Ann Ogoreuc, Chair (in-person)
Jennifer Liptak
Representative Austin Davis
Gerald Delon
Jeff Letwin

Other Board Member

Stephanie Turman (in-person)
Representative Lori Mizgorski
John Tague
Michelle Zmijanac

1. Approval of Minutes:

The minutes of the April 21, 2022 Finance Committee Meeting were approved.

2. Preliminary FY 2023 Operating and Capital Budgets Presentation:

Chief Executive Officer Katharine Kelleman and Controller Peter Schenk presented the Preliminary FY 2023 Operating and Capital Budgets.

Frist Ms. Kelleman reported on the broad impacts the pandemic has had on the industry generally, and on the Port Authority specifically. She reported that transit organizations nationally, including the Authority, have been impacted by lower ridership and passenger revenue levels.

In response, the Authority has re-oriented its service from commuter routes with lower ridership levels to local routes where riders have returned to transit more quickly.

Ms. Kelleman also reported on recent rider surveys that indicate former passengers of the Authority have changed to a hybrid or remote work environment, reducing their usage of transit.

Ms. Kelleman also reported on the industry-wide difficulty in attracting new employees to fill job vacancies and the renewed focus the Authority is making on hiring additional talent. She also explained how the Strategic Plan will serve as the backbone of the Operating and Capital Budgets. The budgets will also incorporate elements of NextTransit as well as initiatives such as a re-branding project and BRT Capital project. Mr. Schenk reported on the assumptions incorporated into the preliminary FY 2023 Operating Budget such as a 15 percent increase in Passenger Revenues, historical wage increases for expiring labor contracts with ATU Local 85 and IBEW and yet-to-be finalized medical premium increases for active employees and retirees under the age of 65.

Next Mr. Schenk also reported on the increase in State Operating Assistance included in the FY 2023 Budget as well as the volatility in the energy markets which will cause diesel expense to increase over \$20 million dollars in FY 2023.

Mr. Schenk reported that the preliminary FY 2023 Capital Budget primarily consists of debt service, a purchase of 107 buses and funding of the Bus Rapid Transit project.

3. Review of April 2022 2022 Financial Statements

Also at the meeting, the April 2022 financial results were reported.

Mr. Schenk reported that Total Operating Income for the month of April was \$3.7 million and under budget by \$4.75 million. Total Operating Income is \$636,000 less than March primarily due to credits related to the two-week free ride period in March.

Total Operating Income for FY 2022 is \$39 million under budget for the fiscal year due to lower Passenger Revenue and ACCESS Shared Ride Revenue. Federal ARPA funding will be utilized to make up for this revenue shortfall.

Total Operating Expenses in April was \$3.24 million below budget. Salary and Wages was the only expense category over budget due to higher overtime levels for the month.

Total Operating Expense for the fiscal year-to-date continues to trend below budget by \$38.5 million.

Total Subsidy for month was \$2.2 million below budget. The Authority did invoice \$6.5 million against the ARPA stimulus program.

Total Subsidy for FY 2022 is \$15.6 million below budget due to lower State Operating Assistance and Vehicle Overhaul Subsidy and ARPA invoicing.

Finally, it was reported that the Authority ended the month of March with approximately \$168.2 million in cash reserves.

With no further business, the Finance Committee meeting was adjourned.